GREATER TAUNG LOCAL MUNICIPALITY

Annual Financial Statements
for the year ended 30 June 2014

General Information

Legal form of entity	South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act (Act no 117 of 1998)
Nature of business and principal activities	Greater Taung Local Municipality is local municipality performing functions as set out in Constitution (Act no 105 of 1996)
Jurisdiction	Area NW394, as a local municipality, as demarcated by the demarcation board and indicated in the demarcation map published for NW394
Mayoral committee	
Executive Mayor	K Lobelo
Executive Committee Members	DA Itumeleng
	MJ Mabe
	KAM Malepe
	KJ Morwagaswe
	OP Oliphant
	GJ Tshipo
	KP Galodikwe
	OR Seleke
	AP Scholtz
Speaker	DJ Sethi
Chief Finance Officer (CFO)	MP Vermaak
Accounting Officer	KT Gabanakgosi
Business address	Municipal Offices Station Street Taung 8580
Postal address	Private Bag X1048 Taung Station 8580
Bankers	ABSA Bank limited
Auditors	Auditor General
Preparer	The annual financial statements were internally compiled by: Mr MP Vermaak Chief Financial Officer
Chief Whip	LJ Tong
MPAC Chairperson	K Kodisang

General Information

Councillors	KL Mamapula
	MT Baijang
	KG Chalmans
	TV Malepe
	GS Diphoko
	PM Dichakane
	GS Edward
	FC Gasetlolwe
	LJ Halenyane
	M Hermanus
	MS Kanyane
	KR Kgosimore
	KA Lontshitse
	LW Mahura
	EI Makgalemane
	T Mantshwe
	ZB March
	A Menyatso
	JG Mmabe
	K Moagi
	BK Mohitlheng
	R Mokoto
	KP Molifi
	BJ Moncho
	OV Mongale
	DN Motshabi
	MI Olifant
	AS Phatshwane
	TP Sebe
	KJ Seepamere
	KB Seokamo
	EV Sibinda
	NG Tafane
	EH Tladi
	T Thaganyane
	KR Tyalimpi
	LC Wesi
	LE Mahura
	KG Moipolai
	AP Scholtz

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality’s cash flow forecast for the year to 30 June 2015 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 6.

The annual financial statements set out on pages 6 to 73, which have been prepared on the going concern basis, were approved by the accounting officer on 29 August 2014 and were signed on its behalf by:

KT Gabanakgosi
Accounting Officer

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2014.

1. Review of activities

Main business and operations

The municipality is engaged in Taung, Reivilo and Pudimoe and is a local municipality performing functions as set out in Constitution (Act no 105 of 1996) and operates principally in South Africa.

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

4. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name	Nationality	Changes
KT Gabanakgosi	RSA	Appointed 01 March 2014

5. Auditors

Auditor General will continue in office for the next financial period.

Statement of Financial Position as at 30 June 2014

Figures in Rand	Note(s)	2014	2013 Restated*
Assets			
Current Assets			
Inventories	7	260 112	255 894
Receivables from exchange transactions	8	969 899	340 976
Receivables from non-exchange transactions	9	3 572 633	6 589 064
VAT receivable	10	4 625 477	760 605
Consumer debtors	11	11 258 943	6 852 605
Cash and cash equivalents	12	66 219 644	70 696 475
		86 906 708	**85 495 619**
Non-Current Assets			
Investment property	3	22 710 093	22 710 093
Property, plant and equipment	4	217 718 052	138 192 975
Intangible assets	5	442 322	254 288
		240 870 467	**161 157 356**
Total Assets		**327 777 175**	**246 652 975**
Liabilities			
Current Liabilities			
Finance lease obligation	13	593 258	42 297
Payables from exchange transactions	16	23 730 846	11 832 727
Consumer deposits	17	134 914	142 314
Employee benefit obligation	6	14 544	13 416
Unspent conditional grants and receipts	14	13 943 000	35 456 212
		38 416 562	**47 486 966**
Non-Current Liabilities			
Finance lease obligation	13	992 138	6 879
Employee benefit obligation	6	5 514 807	4 150 444
Provisions	15	2 217 307	-
		8 724 252	**4 157 323**
Total Liabilities		**47 140 814**	**51 644 289**
Net Assets		**280 636 361**	**195 008 686**
Accumulated surplus		280 636 361	195 008 686

* See Note 40

Statement of Financial Performance

Figures in Rand	Note(s)	2014	2013 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	20	6 702 019	6 055 550
Rental of facilities and equipment	32	273 066	241 123
Other income	22	2 030 100	1 657 483
Interest received	28	5 848 535	5 626 366
Total revenue from exchange transactions		**14 853 720**	**13 580 522**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	19	5 743 937	5 342 377
Property rates - penalties imposed	19	1 027 049	878 876
Transfer revenue			
Government grants & subsidies	21	195 241 251	122 278 614
Total revenue from non-exchange transactions		**202 012 237**	**128 499 867**
Total revenue	18	**216 865 957**	**142 080 389**
Expenditure			
Personnel	25	51 662 442	44 759 000
Remuneration of councillors	26	14 443 760	13 846 890
Depreciation and amortisation	29	10 949 276	10 591 570
Finance costs	30	125 374	271 282
Debt impairment	27	1 289 212	(1 158 271)
Repairs and maintenance	33	6 205 615	8 899 355
Bulk purchases	35	3 217 170	2 548 561
Contracted services	34	10 609 661	13 420 621
General Expenses	23	33 457 985	27 691 244
Total expenditure		**131 960 495**	**120 870 252**
Operating surplus	24	**84 905 462**	**21 210 137**
Gain on disposal of assets and liabilities		722 211	-
Surplus for the year		**85 627 673**	**21 210 137**

* See Note 40

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	564 317 890	564 317 890
Adjustments		
Prior year adjustments	(299 814 813)	(299 814 813)
Balance at 01 July 2012 as restated*	**264 503 077**	**264 503 077**
Changes in net assets		
Movement during 2011/12 on prior year Assets	(119 739 784)	(119 739 784)
Transfer of reserves	29 035 256	29 035 256
Net income (losses) recognised directly in net assets	(90 704 528)	(90 704 528)
Surplus for the year	21 210 137	21 210 137
Total recognised income and expenses for the year	(69 494 391)	(69 494 391)
Total changes	(69 494 391)	(69 494 391)
Opening balance as previously reported	166 547 956	166 547 956
Adjustments		
Prior year adjustments	28 460 732	28 460 732
Restated* Balance at 01 July 2013 as restated*	**195 008 688**	**195 008 688**
Changes in net assets		
Surplus for the year	85 627 673	85 627 673
Total changes	85 627 673	85 627 673
Balance at 30 June 2014	**280 636 361**	**280 636 361**

* See Note 40

Cash Flow Statement

Figures in Rand	Note(s)	2014	2013 Restated*
Cash flows from operating activities			
Receipts			
Other receipts		4 097 910	3 125 485
Sale of goods and services		1 903 859	10 878 303
Grants		177 414 970	122 416 859
Interest income		5 848 535	5 626 366
		189 265 274	142 047 013
Payments			
Employee costs		(64 740 711)	(58 605 890)
Suppliers		(39 234 381)	(65 206 988)
Finance costs		(125 374)	(271 282)
		(104 100 466)	(124 084 160)
Net cash flows from operating activities	36	**85 164 808**	**17 962 853**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(91 702 510)	(24 861 353)
Proceeds from sale of property, plant and equipment	4	722 211	-
Purchase of other intangible assets	5	(197 560)	-
Net cash flows from investing activities		**(91 177 859)**	**(24 861 353)**
Cash flows from financing activities			
Movement in consumer deposits		-	6 620
Finance lease payments		1 536 220	(986 738)
Finance costs		-	-
Net cash flows from financing activities		**1 536 220**	**(980 118)**
Net increase/(decrease) in cash and cash equivalents		**(4 476 831)**	**5 870 267**
Cash and cash equivalents at the beginning of the year		70 696 475	64 826 208
Cash and cash equivalents at the end of the year	12	**66 219 644**	**70 696 475**

* See Note 40

budget statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2014											
Financial Performance											
Property rates	7 419 634	-	7 419 634	-		7 419 634	6 770 986		(648 648)	91 %	91 %
Service charges	7 098 466	-	7 098 466	-		7 098 466	6 702 019		(396 447)	94 %	94 %
Investment revenue	6 390 000	-	6 390 000	-		6 390 000	6 121 607		(268 393)	96 %	96 %
Transfers recognised - operational	115 253 000	-	115 253 000	-		115 253 000	115 048 500		(204 500)	100 %	100 %
Other own revenue	4 040 185	-	4 040 185	-		4 040 185	2 081 811		(1 958 374)	52 %	52 %
Total revenue (excluding capital transfers and contributions)	**140 201 285**	**-**	**140 201 285**	**-**		**140 201 285**	**136 724 923**		**(3 476 362)**	**98 %**	**98 %**
Employee costs	(62 321 888)	-	(62 031 888)	-	-	(62 031 888)	(51 662 437)	-	10 369 451	83 %	83 %
Remuneration of councillors	(12 688 008)	800 000	(13 488 008)	-	-	(13 488 008)	(14 443 760)	-	(955 752)	107 %	114 %
Debt impairment	(2 000 000)	-	(2 000 000)			(2 000 000)	(801 236)	-	1 198 764	40 %	40 %
Depreciation and asset impairment	(2 450 000)	-	(2 450 000)			(2 450 000)	(10 949 276)	-	(8 499 276)	447 %	447 %
Finance charges	-	-	-	-	-	-	(162 589)	-	(162 589)	DIV/0 %	DIV/0 %
Materials and bulk purchases	(2 750 000)	(500 000)	(3 250 000)	-	-	(3 250 000)	(13 842 725)	-	(10 592 725)	426 %	503 %
Other expenditure	(49 518 851)	(706 400)	(50 225 251)	-	-	(50 225 251)	(39 151 783)	-	11 073 468	78 %	79 %
Total expenditure	**(131 728 747)**	**(406 400)**	**(133 445 147)**	**-**	**-**	**(133 445 147)**	**(131 013 806)**	**-**	**2 431 341**	**98 %**	**99 %**
Surplus/(Deficit)	**8 472 538**	**(406 400)**	**6 756 138**	**-**		**6 756 138**	**5 711 117**		**(1 045 021)**	**85 %**	**67 %**

Budget Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	63 371 000	2 878 000	66 249 000	-		66 249 000	80 863 252		14 614 252	122 %	128 %
Surplus (Deficit) after capital transfers and contributions	**71 843 538**	**2 471 600**	**73 005 138**	**-**		**73 005 138**	**86 574 369**		**13 569 231**	**119 %**	**121 %**
Surplus/(Deficit) for the year	**71 843 538**	**2 471 600**	**73 005 138**	**-**		**73 005 138**	**86 574 369**		**13 569 231**	**119 %**	**121 %**

Capital expenditure and funds sources

Total capital expenditure	72 703 538	1 161 600	73 865 138	-		73 865 138	336 894 599		263 029 461	456 %	463 %

budget statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
2013				
Financial Performance				
Property rates				6 221 253
Service charges				6 055 550
Investment revenue				5 626 366
Transfers recognised - operational				102 176 207
Other own revenue				1 898 606
Total revenue (excluding capital transfers and contributions)				**121 977 982**
Employee costs	44 759 000	49 158 241	(4 399 241)	(44 759 000)
Remuneration of councillors	13 846 890	15 109 300	(1 262 410)	(13 846 890)
Debt impairment	-	-	-	1 158 271
Depreciation and asset impairment	44 394 607	3 179 352	41 215 255	(10 591 570)
Finance charges	271 282	-	271 282	(271 282)
Materials and bulk purchases	2 548 561	3 296 125	(747 564)	(2 548 561)
Other expenditure	-	-	-	(50 011 220)
Total expenditure	**105 820 340**	**70 743 018**	**35 077 322**	**(120 870 252)**
Surplus/(Deficit)				**1 107 730**
Transfers recognised - capital				20 102 407
Surplus (Deficit) after capital transfers and contributions				**21 210 137**
Surplus/(Deficit) for the year				**21 210 137**
Capital expenditure and funds sources				
Total capital expenditure				248 291 602

Budget Statement

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome
Cash flows							
Net cash from (used) operating							17 962 853
Net cash from (used) investing							(24 861 353)
Net cash from (used) financing							(980 118)
Net increase/(decrease) in cash and cash equivalents							**(7 878 618)**
Cash and cash equivalents at the beginning of the year							(35 523 272)
Cash and cash equivalents at year end							**(43 401 890)**

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 6.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.4 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Accounting Policies

1.4 Investment property (continued)

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

1.5 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one reporting period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost or fair value of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

1.5 Property, plant and equipment (continued)

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or assets, or a combination of assets and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for land and buildings which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Imcomplete construction work is stated at historical cost. Depreciation only commences when the asset are commissioned into use.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset’s carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset’s carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	**Average useful life**
Land sites	20 years
Buildings	30 years
Furniture and fixtures	7-10 years
Motor vehicles	3-20 years
Office equipment	5-15 years
IT equipment	3-5 years
Infrastructure	
• Roads, pavements, bridges and storm water	10-30 years
• Water reservoirs and reticulation	30 years
• Electricity reticulation	35-45 years
Community	
• Buildings	30 years
• Recreational Facilities	20-30 years
• Fire Services	30 years
Bins and containers	5-10 years
Equipment	2-5 years

1.5 Property, plant and equipment (continued)

Finance lease Assets

• Office Equipment	3 years
• Cell Phones	2 years

Other assets

• Motor vehicles	5-7 years
• Plant and equipment	3-10 years
• Security measures	3-10 years

The residual value, the useful life and depreciation method of each asset are reviewed at least at of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use or disposal of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.6 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as ‘decommissioning, restoration and similar liabilities’. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

(a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
(b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
(c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

If the related asset is measured using the revaluation model:

(a) changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
- a decrease in the liability (subject to (b)) is credited to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit
- an increase in the liability is recognised in surplus or deficit, except that it is debited to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

(b) in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit; and
(c) a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit or net assets under (a). If a revaluation is necessary, all assets of that class are revalued.

Accounting Policies

1.7 Intangible assets

An asset is identifiable if it either:
- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

An intangible asset is recognised when:
- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	**Useful life**
Computer software, internally generated	5 years
Computer software, other	5 years

Intangible assets are derecognised:
- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

Accounting Policies

1.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Accounting Policies

1.8 Financial instruments (continued)

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:
- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:
- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Consumer debtors	Financial asset measured at amortised cost
VAT receivable	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Unspent conditional grants and receipts	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

1.8 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at amortised cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Accounting Policies

1.8 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:
- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

1.8 Financial instruments (continued)

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

1.9 Leases (continued)

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.10 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.11 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:
(a) the period of time over which an asset is expected to be used by the municipality; or
(b) the number of production or similar units expected to be obtained from the asset by the municipality.

1.11 Impairment of cash-generating assets (continued)

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Accounting Policies

1.11 Impairment of cash-generating assets (continued)

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset’s revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

1.11 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset’s revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.12 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset’s future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm’s length transaction between knowledgeable, willing parties, less the costs of disposal.

1.12 Impairment of non-cash-generating assets (continued)

Recoverable service amount is the higher of a non-cash-generating asset’s fair value less costs to sell and its value in use.

Useful life is either:
- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset’s gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an “optimised” basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset’s revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Accounting Policies

1.12 Impairment of non-cash-generating assets (continued)

Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.13 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

1.13 Employee benefits (continued)

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

1.13 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:
- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
- those changes were enacted before the reporting date; or
- past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Other post retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:
- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:
- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

1.14 Provisions and contingencies

Provisions are recognised when:
- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Accounting Policies

1.14 Provisions and contingencies (continued)

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 38.

1.14 Provisions and contingencies (continued)

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:
- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.11 and 1.12.

If the related asset is measured using the revaluation model:
- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
  - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.15 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

1.15 Revenue from exchange transactions (continued)

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality’s right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.16 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

1.16 Revenue from non-exchange transactions (continued)

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

1.17 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

1.18 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.19 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.20 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.21 Unauthorised expenditure

Unauthorised expenditure means:
- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

1.21 Unauthorised expenditure (continued)

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.22 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.23 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity’s supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.24 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by functional classification linked to performance outcome objectives.

Accounting Policies

1.24 Budget information (continued)

The approved budget covers the fiscal period from 2013/07/01 to 2014/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

Comparative information is not required.

1.25 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm’s length or not in the ordinary course of business are disclosed.

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

GRAP 25: Employee benefits

The objective of GRAP25 is to prescribe the accounting and disclosure for employee benefits. The Standard requires an municipality to recognise:

- a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
- an expense when an municipality consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits.

GRAP25 must be applied by an employer in accounting for all employee benefits, except share based payment transactions.

GRAP25 defines, amongst others, the following:

- Employee benefits as all forms of consideration given by an municipality in exchange for service rendered by employees;
- Defined contribution plans as post-employment benefit plans under which an municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods;
- Defined benefit plans as post-employment benefit plans other than defined contribution plans;
- Multi-employer plans as defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that:
  - pool the assets contributed by various entities that are not under common control; and
  - use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the municipality that employs the employees concerned;
- Other long-term employee benefits as employee benefits (other than post-employment benefits and termination benefits) that is not due to be settled within twelve months after the end of the period in which the employees render the related service;
- Post-employment benefits as employee benefits (other than termination benefits) which are payable after the completion of employment;
- Post-employment benefit plans as formal or informal arrangements under which an municipality provides post-employment benefits for one or more employees;
- Short-term employee benefits as employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service;
- State plans as plans other than composite social security programmes established by legislation which operate as if they are multi-employer plans for all entities in economic categories laid down in legislation;
- Termination benefits as employee benefits payable as a result of either:
  - an entity's decision to terminate an employee's employment before the normal retirement date; or
  - an employee's decision to accept voluntary redundancy in exchange for those benefits;
- Vested employee benefits as employee benefits that are not conditional on future employment.

The standard states the recognition, measurement and disclosure requirements of:

- Short-term employee benefits;
  - All short-term employee benefits;
  - Short-term compensated absences;
  - Bonus, incentive and performance related payments;
- Post-employment benefits: Defined contribution plans;
- Other long-term employee benefits;
- Termination benefits.

The standard states Post-employment benefits: Distinction between defined contribution plans and defined benefit plans:

- Multi-employer plans;
- Defined benefit plans where the participating entities are under common control;
- State plans;
- Composite social security programmes;

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

- Insured benefits.

The standard states, for Post-employment benefits: Defined benefit plans, the following requirements:

- Recognition and measurement;
- Presentation;
- Disclosure;
- Accounting for the constructive obligation;
- Statement of financial position;
- Asset recognition ceiling;
- Asset recognition ceiling: When a minimum funding requirement may give rise to a liability;
- Statement of financial performance.

The standard prescribes recognition and measurement for:

- Present value of defined benefit obligations and current service cost:
  - Actuarial valuation method;
  - Attributing benefits to periods of service;
  - Actuarial assumptions;
  - Actuarial assumptions: Discount rate;
  - Actuarial assumptions: Salaries, benefits and medical costs;
  - Actuarial gains and losses;
  - Past service cost.
- Plan assets:
  - Fair value of plan assets;
  - Reimbursements;
  - Return on plan assets.

The standard also deals with Entity combinations and Curtailments and settlements.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2013.

The municipality has adopted the standard for the first time in the 2014 annual financial statements.

The impact of the standard is not material.

GRAP 1 (as revised 2012): Presentation of Financial Statements

Paragraphs .108 and .109 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to the Statement of Financial Performance as well as the Statement of Changes in Net Assets.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

GRAP 3 (as revised 2012): Accounting Policies, Change in Accounting Estimates and Errors

Paragraphs .17 and .18 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Changes in Accounting Policies.

The effective date of the amendment is for years beginning on or after 01 April 2013

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The impact of the amendment is not material.

GRAP 9 (as revised 2012): Revenue from Exchange Transactions

Paragraphs .11 and .13 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to the Scope and Definitions.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

GRAP 12 (as revised 2012): Inventories

Paragraph .30 was amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Measurement after recognition.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

GRAP 13 (as revised 2012): Leases

Paragraphs .38 and .42 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Disclosures.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

GRAP 16 (as revised 2012): Investment Property

Paragraphs .12, .15, .34, .76, .84 and .87 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Definitions, Measurement at recognition, Disposals and Disclosure.

All amendments to be applied prospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

GRAP 17 (as revised 2012): Property, Plant and Equipment

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Paragraphs .44, .45, .72, .75, .79 and .85 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Measurement after recognition, Derecognition and Disclosure.

All amendments to be applied prospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

GRAP 31 (as revised 2012): Intangible Assets (Replaces GRAP 102)

Numerous paragraphs were amended by the improvements to the Standards of GRAP issued previously:

Changes made comprise 3 areas that can be summarised as follows:
- Consequential amendments arising from the alignment of the accounting treatment and text of GRAP 102 with that in IPSAS 31,
- The deletion of guidance and examples from Interpretations issues by the IASB previously included in GRAP102,
- Changes to ensure consistency between the Standards, or to clarify existing principles.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

IGRAP16: Intangible assets website costs

An entity may incur internal expenditure on the development and operation of its own website for internal or external access. A website designed for external access may be used for various purposes such as to disseminate information, for example annual reports and budgets, create awareness of services, request comment on draft legislation, promote and advertise an entity’s own services and products, for example the E-filing facility of SARS that enables taxpayers to complete their annual tax assessments, provide electronic services and list approved supplier details. A website designed for internal access may be used to store an entity’s information, for example policies and operating procedures, and details of users of a service, and other relevant information.

The stages of a website’s development can be described as follows:
- Planning – includes undertaking feasibility studies, defining objectives and specifications, evaluating alternatives and selecting preferences.
- Application and infrastructure development – includes obtaining a domain name, purchasing and developing hardware and operating software, installing developed applications and stress testing.
- Graphical design development – includes designing the appearance of web pages.
- Content development – includes creating, purchasing, preparing and uploading information, either text or graphic, on the website before the completion of the website’s development. This information may either be stored in separate databases that are integrated into (or accessed from) the website or coded directly into the web pages.

Once development of a website has been completed, the operating stage begins. During this stage, an entity maintains and enhances the applications, infrastructure, graphical design and content of the website.

When accounting for internal expenditure on the development and operation of an entity’s own website for internal or external access, the issues are:
- whether the website is an internally generated intangible asset that is subject to the requirements of the Standard of GRAP on Intangible Assets; and
- the appropriate accounting treatment of such expenditure.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

This Interpretation of Standards of GRAP does not apply to expenditure on purchasing, developing, and operating hardware (eg web servers, staging servers, production servers and internet connections) of a website. Such expenditure is accounted for under the Standard of GRAP on Property, Plant and Equipment. Additionally, when an entity incurs expenditure on an internet service provider hosting the entity's website, the expenditure is recognised as an expense under the paragraph .93 in the Standard of GRAP on Presentation of Financial Statements and the Framework for the Preparation and Presentation of Financial Statements when the services are received.

The Standard of GRAP on Intangible Assets does not apply to intangible assets held by an entity for sale in the ordinary course of operations (see the Standards of GRAP on Construction Contracts and Inventories) or leases that fall within the scope of the Standard of GRAP on Leases. Accordingly, this Interpretation of Standards of GRAP does not apply to expenditure on the development or operation of a website (or website software) for sale to another entity. When a website is leased under an operating lease, the lessor applies this Interpretation of Standards of GRAP. When a website is leased under a finance lease, the lessee applies this Interpretation of Standards of GRAP after initial recognition of the leased asset.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2014 or later periods:

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:
- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:
- A person or a close member of that person's family is related to the reporting entity if that person:
  - has control or joint control over the reporting entity;
  - has significant influence over the reporting entity;
  - is a member of the management of the entity or its controlling entity.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

- An entity is related to the reporting entity if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
  - both entities are joint ventures of the same third party;
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
  - the entity is controlled or jointly controlled by a person identified in (a); and
  - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that a related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:
- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:
- Control;
- Related party transactions; and
- Remuneration of management

The effective date of the standard is for years beginning on or after 01 April 2014.

The municipality expects to adopt the standard for the first time in the 2015 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

IGRAP1 (as revised 2012):Applying the probability test on initial recognition of revenue

Paragraphs .03, .04, .05, .06, .08 and .10, were amended and paragraph .02 was added in the Interpretation of the Standards of GRAP.

This Interpretation of the Standards of GRAP now addresses the manner in which an entity applies the probability test on initial recognition of both:

(a) exchange revenue in accordance with the Standard of GRAP on Revenue from Exchange Transactions and

(b) non-exchange revenue in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

This Interpretation of the Standards of GRAP supersedes the Interpretation of the Standards of GRAP: Applying the Probability Test on Initial Recognition of Exchange Revenue issued in 2009.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP32: Service Concession Arrangements: Grantor

The objective of this Standard is: to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

It furthermore covers: Definitions, recognition and measurement of a service concession asset, recognition and measurement of liabilities, other liabilities, contingent liabilities, and contingent assets, other revenues, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

IGRAP17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. This Interpretation of the Standards of GRAP shall not be applied by analogy to other types of transactions or arrangements.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this Interpretation of the Standards of GRAP need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

A consensus is reached, in this Interpretation of the Standards of GRAP, on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

The aggregate impact of the initial application of the statements and interpretations on the municipality's annual financial statements is expected to be as follows:

Notes to the Annual Financial Statements

Figures in Rand	2014	2013

3. Investment property

	2014			2013		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Investment property	22 710 093	-	22 710 093	22 710 093	-	22 710 093

Reconciliation of investment property - 2014

	Opening balance	**Additions**	**Fair value adjustments**	**Total**
Investment property	22 710 093	-	-	22 710 093

Reconciliation of investment property - 2013

	Opening balance	**Additions**	**Fair value adjustments**	**Total**
Investment property	22 710 093	-	-	22 710 093

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal are as follows:

Contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements is as follows:

In the exceptional cases when the municipality have to measure investment property using the cost model in the Standard of GRAP on Property, Plant and Equipment when the municipality subsequently uses the fair value measurement, disclose the following:

- a description of the investment property,
- an explanation of why fair value cannot be determined reliably,
- if possible, the range of estimates within which fair value is highly likely to lie, and
- on disposal of investment property not carried at fair value:
    - the fact that the entity has disposed of investment property not carried at fair value,
    - the carrying amount of that investment property at the time of sale, and
    - the amount of gain or loss recognised.

4. Property, plant and equipment

	2014			2013		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Buildings	82 009 486	(31 652 650)	50 356 836	68 140 204	(28 897 212)	39 242 992
Infrastructure	163 503 038	(72 630 976)	90 872 062	153 842 101	(68 287 211)	85 554 890
Other property, plant and equipment	30 764 272	(16 450 606)	14 313 666	26 309 297	(13 003 626)	13 305 671
Finance lease assets	1 557 685	-	1 557 685	89 422	-	89 422
Work in progress	60 617 803	-	60 617 803	-	-	-
Total	**338 452 284**	**(120 734 232)**	**217 718 052**	**248 381 024**	**(110 188 049)**	**138 192 975**

Notes to the Annual Financial Statements

Figures in Rand	2014	2013

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	41 170 571	11 941 704	-	(2 755 439)	50 356 836
Infrastructure	82 521 350	12 694 477	-	(4 343 765)	90 872 062
Other property, plant and equipment	13 305 670	4 586 697	-	(3 578 701)	14 313 666
Finance lease assets	89 422	1 861 829	(89 422)	(304 144)	1 557 685
Work in progress	-	60 617 803	-	-	60 617 803
	137 087 013	**91 702 510**	**(89 422)**	**(10 982 049)**	**217 718 052**

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Depreciation	Total
Buildings	36 884 247	5 071 348	(2 712 603)	39 242 992
Infrastructure	71 399 415	15 465 699	(4 343 765)	82 521 349
Other property, plant and equipment	12 516 567	4 324 306	(3 535 202)	13 305 671
Finance lease assets	89 422	-	-	89 422
	120 889 651	**24 861 353**	**(10 591 570)**	**135 159 434**

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

5. Intangible assets

	2014			2013		
	Cost / Valuation	**Accumulated amortisation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation and accumulated impairment**	**Carrying value**
Intangible assets	477 895	(35 573)	442 322	280 335	(26 047)	254 288

Reconciliation of intangible assets - 2014

	Opening balance	Additions	Amortisation	Total
Intangible assets	254 288	197 560	(9 526)	442 322

Reconciliation of intangible assets - 2013

	Opening balance	Additions	Amortisation	Total
Intangible assets	262 697	-	(8 409)	254 288

Notes to the Annual Financial Statements

Figures in Rand	2014	2013

6. Employee benefit obligations

Defined benefit plan

The plan is a post employment medical benefit plan.

Post retirement medical aid plan

The municipality operates a funded post-employment health care defined benefit plans for qualifying employees. Employees of the municipality are members of Bonitas, Hosmed, Samwumed and LA Health medical schemes. The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2014 by Mr C Weiss (BSc FFA), Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. The municipality does not have long term assets set aside off-balance sheet in respect of the post employment health care liability.

The amounts recognised in the statement of financial position are as follows:

	2014	2013
Carrying value		
Present value of the defined benefit obligation-wholly unfunded	5 529 351	4 163 860
Non-current liabilities	5 514 807	4 150 444
Current liabilities	14 544	13 416
	5 529 351	**4 163 860**

Changes in the present value of the defined benefit obligation are as follows:

	2014	2013
Opening balance	4 163 860	4 398 194
Actuarial (gains) / losses	541 576	(900 159)
Service Cost	442 332	320 315
Interest cost	394 999	361 066
Benefits paid	(13 416)	(15 556)
	5 529 351	**4 163 860**

Key assumptions used

Assumptions used at the reporting date:

	2014	2013
Discount rates used	9.57 %	9.50 %
Nett effective discount rate	0.84 %	1.29 %
Expected increase in healthcare costs	8.66 %	8.11 %

Plan Assets:

Management has indicated that there are no long-term assets set aside off-balance sheet in respect of the Municipality’s post-employment health care liability.

The basis on which the discount rate has been determined is as follows:

GRAP 25 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on government bonds consistent with the estimated term of the post-employment liabilities should be used.

Consequently, a discount rate of 9.57% per annum has been used. The corresponding index-linked yield at this term is 1.78%. These rates do not reflect any adjustment for taxation. These rates were deduced from the JSE Zero Coupon bond yield after the market close on 30 May 2014.

6. Employee benefit obligations (continued)

The rate is calculated by using a weighted average of yields for the three components of the liability. Each component's fixed-interest and index-linked yield was taken from the JSE (Best Decency) Zero Coupon bond yield curve at that component's liability-weighted average duration, using an iterative process (because the yield depends on the liability, which in turn depends on the yield). The three components are as follows:

Component	Liability Average Term	Fixed-Interest Yield	Index-Linked Yields
In-service members' retirement liability	19.62	9.85 %	1.86 %
Death-in-service liability	6.03	8.10 %	1.40 %
Continuation members' liability	5.19	7.86 %	1.21 %
Liability-weighted yields		**9.57 %**	**1.78 %**

Other assumptions

It was assumed that the Municipality's health care arrangements and subsidy policy would remain as follows:

Medical Scheme Arrangements
The Municipality offers employees and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover.

Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependants may continue membership of the medical scheme.

Subsidy Policy
Eligible employees will receive a post-employment subsidy of 60% of the contribution payable should they be a member of a medical scheme at retirement.

The only continuation member receives a 60% subsidy.

Upon a member's death-in-service or death-in-retirement the surviving dependants will continue to receive the same 60% subsidy.

Furthermore, it was assumed that the level of benefits receivable, and the contributions payable in respect of such, would remain unchanged, with the exception of allowing for inflationary adjustments. Implicit in this approach is the assumption that current levels of cross-subsidy from in-service members to continuation members within the medical scheme are sustainable, and will continue.

Health Care Cost Inflation Rate:
This assumption is required to reflect estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs (for example, due to technological advances or changes in utilisation patterns). Any assumption regarding future medical scheme contribution increases is therefore subjective.

A health care cost inflation rate of 8.66% has been assumed. This is 1.50% in excess of expected CPI inflation over the expected term of the liability, namely 7.16%. A larger differential would be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 0.84% which derives from ((1+9.57%)/(1+8.66%))-1.
The expected inflation assumption of 7.16% was obtained from the differential between market yields on index-linked bonds consistent with the estimated term of the liabilities (1.78%) and those of fixed interest bonds (9.57%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). This was therefore determined as follows: ((1+9.57%-0.50%)/(1+1.78%))-1.

The next contribution increase was assumed to occur with effect from 1 January 2015.

6. Employee benefit obligations (continued)

Demographic Assumptions:
Demographic assumptions are required to estimate the changing profile of current employees and retirees who are eligible for post-employment benefits.

Pre-retirement Mortality:
SA85-90 ultimate table, adjusted for female lives

Post-retirement Mortality:
PA(90) ultimate table, adjusted down by one year of age

Withdrawal from Service:
If an eligible employee leaves, the employer's liability in respect of that employee ceases. It is therefore important not to overstate withdrawal rates. A sample of the assumed rates is set out below.

Age in years	Females	Males
20	24 %	16 %
25	18 %	12 %
30	15 %	10 %
35	10 %	8 %
40	6 %	6 %
45	4 %	4 %
50	2 %	2 %
>55	- %	- %

Average Retirement Age:
The normal retirement age for eligible in-service employees is 65. The Municipality has indicated that employees can be expected to retire on average, at this age as well, which is what has been assumed. There is thus no allowance for early or ill-health retirement.

Continuation of Membership:
It has been assumed that 40% of in-service members will remain on the Municipality's health care arrangement should they stay until retirement.

Proportion of current eligible non-members on a medical scheme at retirement:
It has been assumed that 30% of current eligible in-service non-members will be on a medical scheme at retirement (should they not exit employment before then).

Family Profile - retirees:
It has been assumed that 90% of eligible employees on a health care arrangement at retirement will be married at retirement. Further, it has been assumed that husbands will be four years older than their wives. For current retiree members, actual marital status was used and the potential for remarriage was ignored.

Sensitivity analysis:
Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects for the year ending 30 June 2014:

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	1 035 000	684 100

	2014	2013	2012	2011
Central Assumptions	5 529 351	4 163 860	4 398 194	3 768 272

Notes to the Annual Financial Statements

Figures in Rand	2014	2013

6. Employee benefit obligations (continued)

Sensitivity Analysis 2014

The liability at the Valuation date was recalculated to show the effect of

(i) A 1% increase and decrease in the assumed rate of health care cost inflation;
(ii) A 1% increase and decrease in the discount rate;
(iii) A one year age reduction in the assumed rates of post-retirement mortality;
(iv) A one-year decrease in the assumed average retirement age; and
(v) A 10% decrease in the assumed proportion of in-service members that continue to receive the subsidy after retirement.

Sensitivity Analysis on the Accrued Liability

Assumption	**Change**	**In service**	**Continuation**	**Total**	**% change**
Central Assumptions		5.378	0.151	5.529	
Health care inflation	1%	6.615	0.162	6.777	23%
	-1%	4.410	0.141	4.552	-18%
Discount Rate	1%	4.425	0.141	4.566	-17%
	-1%	6.617	0.162	6.778	23%
Post-retirement mortality	-1yr	5.578	0.158	5.736	4%
Average retirement age	-1yr	5.804	0.151	5.954	8%
Continuation of membership at retirement	-10%	4.095	0.151	4.246	-23%

7. Inventories

	2014	2013
Consumable stores	96 346	97 244
Water	3 116	2 939
Other	1 362	-
Fuel (Diesel, Petrol)	159 288	155 711
	260 112	**255 894**

8. Receivables from exchange transactions

	2014	2013
Trade debtors	372 424	340 976
Other receivables 1	597 475	-
	969 899	**340 976**

9. Receivables from non-exchange transactions

	2014	2013
Government grants and subsidies	3 572 633	6 589 064

Government grants and subsidies consist of:		
Neighbourhood development partnership grant	3 058 100	6 074 531
Housing grant	514 533	514 533
	3 572 633	**6 589 064**

Movement of unpaid grants		
Balance at the beginning of the period	6 589 064	(10 047 630)
Additions during the period	(23 344 000)	-
Income recognition during the period	20 327 569	16 636 694
	3 572 633	**6 589 064**

Figures in Rand	2014	2013

10. VAT receivable

VAT	4 625 477	760 605

11. Consumer debtors

Gross balances		
Rates	14 208 696	11 535 620
Electricity	974 162	883 181
Water	1 249 309	924 825
Sewerage	4 600 110	3 651 834
Refuse	6 111 488	4 941 829
Sundries	4 614 608	4 613 511
	31 758 373	**26 550 800**

Less: Allowance for impairment		
Rates	(8 340 503)	(6 610 466)
Electricity	(675 475)	(467 145)
Water	(738 354)	(839 620)
Sewerage	(3 426 524)	(3 366 810)
Refuse	(4 285 689)	(4 051 229)
Sundries	(3 032 885)	(4 362 925)
	(20 499 430)	**(19 698 195)**

Net balance		
Rates	5 868 193	4 925 154
Electricity	298 687	416 036
Water	510 955	85 205
Sewerage	1 173 586	285 024
Refuse	1 825 799	890 600
Sundries	1 581 723	250 586
	11 258 943	**6 852 605**

Rates		
Current (0 -30 days)	107 736	99 416
31 - 60 days	138 922	173 513
61 - 90 days	57 876	156 850
91 - 120 days	56 979	40 047
121 - 365 days	1 089 691	40 040
> 365 days	4 416 989	4 415 288
	5 868 193	**4 925 154**

Electricity		
Current (0 -30 days)	131 034	285 696
31 - 60 days	55 035	66 706
61 - 90 days	22 760	32 609
91 - 120 days	9 423	6 875
121 - 365 days	19 609	3 364
> 365 days	60 826	20 786
	298 687	**416 036**

Notes to the Annual Financial Statements

Figures in Rand	2014	2013

11. Consumer debtors (continued)

Water

	2014	2013
Current (0 -30 days)	41 228	49 060
31 - 60 days	33 579	15 536
61 - 90 days	16 286	12 320
91 - 120 days	16 282	246
121 - 365 days	100 775	246
> 365 days	302 805	7 797
	510 955	**85 205**

Sewerage

	2014	2013
Current (0 -30 days)	117 316	145 472
31 - 60 days	69 750	54 289
61 - 90 days	22 971	38 089
91 - 120 days	19 072	6 257
121 - 365 days	202 004	5 389
> 365 days	742 473	35 528
	1 173 586	**285 024**

Refuse

	2014	2013
Current (0 -30 days)	200 977	233 311
31 - 60 days	133 912	124 312
61 - 90 days	51 393	105 529
91 - 120 days	60 372	59 914
121 - 365 days	356 488	14 707
> 365 days	1 022 657	352 827
	1 825 799	**890 600**

Sundry

	2014	2013
Current (0 -30 days)	35 286	31 425
31 - 60 days	17 179	26 111
61 - 90 days	6 979	14 516
91 - 120 days	7 018	2 136
121 - 365 days	46 628	2 136
> 365 days	1 468 633	174 262
	1 581 723	**250 586**

Summary of debtors by customer classification

Consumers

	2014	2013
Current (0 -30 days)	388 693	318 693
31 - 60 days	497 838	390 212
61 - 90 days	431 180	389 599
91 - 120 days	410 456	357 464
121 - 365 days	3 196 578	357 548
> 365 days	16 729 962	16 423 605
	21 654 707	18 237 121
Less: Allowance for impairment	(18 352 670)	(13 178 210)
	3 302 037	**5 058 911**

Notes to the Annual Financial Statements

Figures in Rand	2014	2013

11. Consumer debtors (continued)

Industrial/ commercial		
Current (0 -30 days)	61 699	57 861
31 - 60 days	57 091	43 725
61 - 90 days	67 740	40 577
91 - 120 days	39 937	38 224
121 - 365 days	407 289	33 800
> 365 days	1 985 850	2 004 021
	2 619 606	2 218 208
Less: Allowance for impairment	(2 146 760)	(1 613 659)
	472 846	**604 549**

National and provincial government		
Current (0 -30 days)	195 138	162 029
31 - 60 days	170 324	129 568
61 - 90 days	117 607	83 075
91 - 120 days	115 497	69 557
121 - 365 days	1 345 901	120 573
> 365 days	5 539 592	5 530 121
	7 484 059	6 094 923
Less: Allowance for impairment	-	(4 418 350)
	7 484 059	**1 676 573**

Total		
Current (0 -30 days)	645 531	538 583
31 - 60 days	725 253	563 505
61 - 90 days	616 527	513 251
91 - 120 days	565 890	465 245
121 - 365 days	4 949 768	511 921
> 365 days	24 255 404	23 958 295
	31 758 373	26 550 800
Less: Allowance for impairment	(20 499 430)	(19 698 195)
	11 258 943	**6 852 605**

Less: Allowance for impairment		
Current (0 -30 days)	(11 954)	(5 546)
31 - 60 days	(276 877)	(269 130)
61 - 90 days	(438 261)	(287 916)
91 - 120 days	(396 743)	(470 383)
121 - 365 days	(3 134 573)	(461 975)
> 365 days	(16 241 022)	(18 203 245)
	(20 499 430)	**(19 698 195)**

Reconciliation of allowance for impairment		
Balance at beginning of the year	19 698 195	22 991 953
Contributions to allowance	801 235	-
Reversal of allowance	-	(3 293 758)
	20 499 430	**19 698 195**

12. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	66 219 644	70 696 475

12. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances 30 June 2014	30 June 2013	30 June 2012	Cash book balances 30 June 2014	30 June 2013	30 June 2012
ABSA Fixed Deposit 206 381 3884	9 560 297	9 059 640	8 616 165	9 560 297	9 059 640	8 616 166
ABSA Fixed Deposit 206 350 7897	5 126 939	4 858 449	4 616 529	5 126 939	4 858 449	4 616 529
ABSA Trust Keeton 206 350 72	8 348	8 344	8 009	8 686	8 344	8 009
ABSA Housing 206 509 865	48 244	45 717	43 441	48 244	45 717	43 441
FNB Fixed Notice 740 8902 8507	2 393 662	2 276 258	2 173 633	2 393 662	2 276 258	2 173 633
Nedbank Investment 160 7777 69921	509 162	487 576	465 844	511 297	487 576	470 584
Nedbank SDL Fund 160 7777 69925	64 483	61 426	58 656	64 483	61 426	58 565
Nedbank Eco Green 160 7777 69928	51 941	49 487	47 174	51 941	49 487	47 174
Standard Bank Notice Deposit 048 5600 65004	657 822	628 260	601 133	657 822	628 260	601 133
ABSA Cheque Account 26 5056 0046	5 665 063	3 994 331	7 961 605	5 435 410	3 994 331	7 961 605
ABSA Fixed Deposit 20 6460 1519	2 176 356	2 062 384	3 451 756	2 176 356	2 062 384	3 451 756
ABSA Fixed Deposit 20 6381 3842	3 116 985	2 953 754	2 806 676	3 116 985	2 953 754	2 806 676
ABSA Fixed Deposit 20 6348 4566	8 504 544	8 059 175	7 657 880	8 504 544	8 059 175	7 657 880
ABSA Fixed Deposit 20 6598 6332	1 653 633	1 567 035	-	1 653 633	1 567 035	-
ABSA Fixed Deposit 20 6602 3614	23 489 519	31 326 305	24 123 003	23 489 519	31 326 305	24 123 003
Nedbank Fixed Notice 16077776 9922	1 567 762	1 493 426	1 423 880	1 567 762	1 493 426	1 423 880
Nedbank Fixed Notice 16077776 9923	1 747 276	1 664 429	1 586 920	1 747 276	1 664 429	1 586 920
Nedbank Fixed Notice 16077776 9924	87 342	83 201	79 326	87 342	83 201	79 326
Nedbank Call Deposit 037667500223	14 453	14 352	14 275	14 459	14 352	14 275
Standard Bank Notice Deposit 248685880001	2 995	2 925	2 850	2 995	2 925	2 850
Total	**66 446 826**	**70 696 474**	**65 738 755**	**66 219 652**	**70 696 474**	**65 743 405**

Figures in Rand	2014	2013

13. Finance lease obligation

Minimum lease payments due		
- within one year	31 920	73 553
- in second to fifth year inclusive	-	7 980
	31 920	81 533
less: future finance charges	(11 016)	(32 357)
Present value of minimum lease payments	**20 904**	**49 176**

Present value of minimum lease payments due		
- within one year	20 904	42 297
- in second to fifth year inclusive	-	6 879
	20 904	**49 176**

Non-current liabilities	992 138	6 879
Current liabilities	593 258	42 297
	1 585 396	**49 176**

It is municipality policy to lease certain property, plant and quipment under finance leases.

The average lease term was 3 years and the average effective borrowing rate was 9% (2013: 10%).

Interest rates are linked to prime at the contract date using the incremental borrowing rate of interest.

All leases have fixed repayments and no arrangements have been entered into for contingent rent.

14. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal Infrastructure Grant (MIG)	11 328 048	31 259 053
Local Government - Disaster Fund	505 700	1 176 200
Municipal Systems Improvement Grant (MSIG)	309 030	259 848
Department of Sports - Library Grant	1 589 128	1 161 415
Department of Minerals and Energy (EPWP)	116 212	1 166 129
Finance Management Grant (FMG)	94 882	433 567
	13 943 000	**35 456 212**

Movement during the period

Balance at the beginning of the period	35 456 212	29 104 626
Additions during the period	44 115 000	31 472 245
Income recognition during the period	(65 628 212)	(25 120 659)
	13 943 000	**35 456 212**

See note 21 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

Notes to the Annual Financial Statements

Figures in Rand	2014	2013

15. Provisions

Reconciliation of provisions - 2014

	Opening Balance	Additions	Total
Rehabilitation of landfill and waste disposal site	-	2 217 307	2 217 307

16. Payables from exchange transactions

	2014	2013
Trade payables	1 056	-
Payments received in advanced - contract in process	488 201	-
Cash suspense	(736)	(620)
Accrued bonus	477 995	465 492
Accrued expenses	7 654 757	2 246 829
Accrual for 13th cheque	1 191 317	1 053 457
Leave pay accrual	4 726 120	4 327 767
Deposits received	118 767	98 267
Retentions	9 073 369	3 641 535
	23 730 846	**11 832 727**

17. Consumer deposits

	2014	2013
Electricity	134 914	142 314

18. Revenue

	2014	2013
Service charges	6 702 019	6 055 550
Rental of facilities and equipment	273 066	241 123
Sundry income	2 030 100	1 657 483
Interest received - investment	5 848 535	5 626 366
Property rates	5 743 937	5 342 377
Property rates - penalties imposed	1 027 049	878 876
Government grants & subsidies	195 241 251	122 278 614
	216 865 957	**142 080 389**

The amount included in revenue arising from exchanges of goods or services are as follows:

	2014	2013
Service charges	6 702 019	6 055 550
Rental of facilities and equipment	273 066	241 123
Sundry income	2 030 100	1 657 483
Interest received - investment	5 848 535	5 626 366
	14 853 720	**13 580 522**

The amount included in revenue arising from non-exchange transactions is as follows:

	2014	2013
Taxation revenue		
Property rates	5 743 937	5 342 377
Property rates - penalties imposed	1 027 049	878 876
Transfer revenue		
Government grants & subsidies	195 241 251	122 278 614
	202 012 237	**128 499 867**

Notes to the Annual Financial Statements

Figures in Rand	2014	2013

19. Property rates

Rates received

Residential	5 743 937	5 342 377
	5 743 937	5 342 377
Property rates - penalties imposed	1 027 049	878 876
	6 770 986	**6 221 253**

Valuations

Residential	159 669 350	-
Commercial	100 911 700	-
State	54 473 100	-
Municipal	6 197 500	-
Small holdings and farms	676 484 378	-
Other	11 878 800	-
	1 009 614 828	**-**

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2010. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

The new general valuation will be implemented on 01 July 2014.

20. Service charges

Sale of electricity	2 371 524	2 066 520
Sale of water	455 422	417 110
Sewerage and sanitation charges	1 489 887	1 408 023
Refuse removal	2 385 186	2 163 897
	6 702 019	**6 055 550**

Notes to the Annual Financial Statements

Figures in Rand	2014	2013

21. Government grants and subsidies

Operating grants		
Equitable share	114 378 000	100 537 000
Local Government Financial Management Grant (FMG)	1 853 685	1 375 336
Department of Minerals and Energy (EPWP)	2 922 889	263 871
	119 154 574	102 176 207
Capital grants		
Municipal Systems Improvement Grant (MSIG)	840 817	695 064
Department of Sport - Library	192 287	495 510
Municipal Infrastructure Grant (MIG)	57 526 004	8 633 139
Neighbourhood Development Partnership Grant (NDP)	17 527 569	10 278 694
	76 086 677	20 102 407
	195 241 251	**122 278 614**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	80 863 251	21 741 614
Unconditional grants received	114 378 000	100 537 000
	195 241 251	**122 278 614**

Revenue recognised per vote as required by Section 123 (c) of the MFMA:

Executive and council	42 657 415	36 917 129
Corporate services	21 773 185	16 253 533
Planning and development	84 086 712	22 518 799
Community and social services	5 308 000	5 004 258
Sport and recreation	7 145 890	7 841 986
Waste water management	13 216 110	12 013 189
Road transport	12 292 739	13 351 268
Water	3 782 500	2 613 249
Electricity	5 649 200	5 765 203
	195 911 751	**122 278 614**

Reconciliation of grants from National/Provincial Government

Operating grants		
National Government	119 825 074	102 176 207
Capital grants		
National Government	75 894 390	19 606 897
Provincial Government	192 286	495 510
	76 086 676	**20 102 407**

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	31 259 053	9 770 192
Current-year receipts	38 695 000	32 722 000
Conditions met - transferred to revenue	(57 526 005)	(8 633 139)

Figures in Rand	2014	2013

21. Government grants and subsidies (continued)

Repayment	(1 100 000)	(2 600 000)
Total unspent / (unpaid) at year end	**11 328 048**	**31 259 053**

MIG is used to construct roads and other infrastructure assets. There are projects which are work in progress at year end.

Department of Local Government - Disaster Fund

Balance unspent at beginning of period	1 176 200	500 000
Current-year receipts	-	1 000 000
Conditions met - transferred to revenue	(670 500)	(323 800)
Total unspent / (unpaid) at year end	**505 700**	**1 176 200**

The Disaster fund is utilised for disasters, most commonly flooding.

Municipal System Improvement Grant (MSIG)

Balance unspent at beginning of year	259 848	154 912
Current-year receipts	890 000	800 000
Conditions met - transferred to revenue	(840 818)	(695 064)
Total unspent / (unpaid) at year end	**309 030**	**259 848**

MSIG is used to build capacity in the district and local municipalities to ensure that the new developmental system of local government is fully implemented.

Department of sports - Library

Balance unspent at beginning of year	1 161 415	1 076 925
Current-year receipts	620 000	670 000
Conditions met - transferred to revenue	(192 287)	(585 510)
Total unspent / (unpaid) at year end	**1 589 128**	**1 161 415**

The library grant is used for library activities and assets. Furniture is being procured as well as a project to prevent theft of books with the use of security tags.

Department of Minerals and Energy (EPWP)

Balance unspent at beginning of year	1 166 129	430 000
Current-year receipts	2 125 000	1 000 000
Conditions met - transferred to revenue	(2 922 917)	(263 871)
Repayment	(252 000)	-
Total unspent / (unpaid) at year end	**116 212**	**1 166 129**

The EPWP grant is mainly used for cleaning and security.

Local Government Financial Management Grant (FMG)

Balance unspent at beginning of year	433 567	535 903
Current-year receipts	1 650 000	1 500 000
Conditions met - transferred to revenue	(1 853 686)	(1 602 336)
Repayment	(134 999)	-
Total unspent / (unpaid) at year end	**94 882**	**433 567**

This grant was used to promote and support reforms to financial management practicies, including the modernisation of budgeting, financial management, accountin, monitoring systems and implementation of the Municipal Finance Management Act.

Notes to the Annual Financial Statements

Figures in Rand	2014	2013

21. Government grants and subsidies (continued)

Neighbourhood Development Partnership Grant (NDP)

Balance unspent at beginning of year	(6 074 531)	10 562 163
Current-year receipts	23 344 000	-
Conditions met - transferred to revenue	(17 527 569)	(16 636 694)
Repayment	(2 800 000)	-
Total unspent / (unpaid) at year end	**(3 058 100)**	**(6 074 531)**

The NDP grant was utilised to build the traffic circle on the N18 and for a taxi rank which is work in progress.

Housing Grant

Balance unspent at beginning of year	(514 533)	(514 533)
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
Total unspent / (unpaid) at year end	**(514 533)**	**(514 533)**

The husing grant was used for the project in Pudimoe.

Total Grants

Balance unspent at beginning of year	28 867 148	22 515 562
Current-year receipts	181 702 000	138 229 000
Conditions met - transferred to revenue	(195 911 782)	(129 277 414)
Repayments	(4 287 000)	(2 600 000)
Total net of unspent / (unpaid) at year end	**10 370 366**	**28 867 148**

22. Other income

Sundry income	2 030 100	1 657 483

The amount included in other revenue arising from exchanges of goods or services are as follows:

Sundry income	1 250 100	3 165 485

The amount included in other revenue arising from non-exchange transactions is as follows:

Subsidy from SETA	109 500	138 245

In-Kind

The municipality has received services from TMDG for the preparation of the fixed asset register. These service have been paid for by the Provincial Treasury in the North West. The value of the services connot be quantified as TMDG provided the service to more then one municipality in the province.

Notes to the Annual Financial Statements

Figures in Rand	2014	2013

23. General expenses

Accomodation costs	892 115	787 382
Advertising	469 730	623 672
Allowance ward committee members	3 059 121	2 511 000
Asset management	614 089	1 225 231
Audit fees	1 715 010	1 568 487
Bank charges	113 687	103 525
Bursaries	519 344	303 183
Business support/SMME facilitation	88 657	652 764
Catering and refreshments	441 472	383 261
Cleaning	211 345	31 083
Consulting and professional fees	455 769	-
Disaster expense	1 242 611	268 493
Document management	241 646	267 550
EPWP expenditure	2 922 860	263 871
Electricity	1 416 421	1 641 896
Finance management grant	1 631 248	1 365 336
Fines and penalties	5 300	-
Free service and indigent support	2 393 661	1 903 181
Fuel and oil	4 116 488	3 292 731
Grant in aid	-	28 205
Health and safety	202 554	163 828
IT expenses	366 514	372 704
LED infrastructure expenditure	684 346	-
Land zoning	87 060	252 906
Library expenditure	163 231	107 785
MSIG	452 323	645 848
Magazines, books and periodicals	16 018	26 615
Manokwane disaster	1 535 480	1 737 616
Postage and courier costs	48 887	40 352
Printing and stationery	314 118	365 112
Project management unit	851 341	699 398
Protective clothing	214 575	180 439
Public participation	1 450 346	1 424 164
Special programmes	893 908	1 006 308
Sports	148 844	211 435
Stores and material	357 003	261 339
Subscriptions and membership fees	22 866	639 914
Subsistence and travel	1 134 598	1 090 068
Title deed search fees	51 650	9 078
Tourism development	44 050	-
Training	1 164 534	367 277
Venue expenses	234 963	433 202
Water	-	83 222
Workmens compensation	468 202	261 725
Year end function	-	90 058
	33 457 985	**27 691 244**

24. Operating surplus

Operating surplus for the year is stated after accounting for the following:

Gain on sale of property, plant and equipment	722 211	-
Amortisation on intangible assets	9 526	-
Depreciation on property, plant and equipment	10 939 750	10 591 570
Employee costs	66 106 202	58 605 890

Figures in Rand	2014	2013

25. Employee related costs

Basic	35 256 705	27 600 575
Salaries - temporary workers	377 441	202 291
Bonus	2 508 824	2 208 207
Medical aid - company contributions	2 396 934	1 955 143
UIF	266 356	241 386
SDL	330 423	296 391
Pension fund - company contributions	5 631 918	5 042 148
Provident fund	11 552	-
Post-employment benefits, pension, defined contribution plan	837 331	681 381
Car allowance	2 796 197	5 558 860
Housing benefits and allowances	45 929	56 579
Leave reserve	1 184 322	596 395
Bargaining Council	18 510	16 530
Standby allowances	-	144 861
Overtime payments	-	146 406
Group life	-	11 847
	51 662 442	**44 759 000**

Remuneration of Municipal Manager

Annual Remuneration	286 668	-
Car Allowance	80 000	-
Cellphone allowance	4 000	-
Contributions to UIF, Medical and Pension Funds	3 462	-
Acting Allowance	229 699	-
Leave Pay	124 195	-
	728 024	**-**

Remuneration of Director of Social Services

Annual Remuneration	612 466	773 634
Car Allowance	105 000	475 634
Backpay	27 306	-
Contributions to UIF, Medical and Pension Funds	7 909	9 241
Cellphone allowance	3 750	-
Other Allowances	55 649	-
	812 080	**1 258 509**

Remuneration of Chief Financial Officer

Annual Remuneration	546 591	412 274
Car Allowance	150 000	117 912
Contributions to UIF, Medical and Pension Funds	6 953	4 424
Backpay	51 704	-
Cellphone allowance	8 143	-
Other allowances	45 044	-
	808 435	**534 610**

Remuneration of Director of Technical Services

Annual Remuneration	729 351	625 933
Backpay	18 467	-
Contributions to UIF, Medical and Pension Funds	9 078	7 804
Other allowances	13 478	23 125
Cellphone allowance	7 500	-

Notes to the Annual Financial Statements

Figures in Rand	2014	2013

25. Employee related costs (continued)

	777 874	**656 862**

Remuneration of Director Community Services

Annual Remuneration	-	584 856
Car Allowance	-	155 404
Contributions to UIF, Medical and Pension Funds	-	7 439
	-	**747 699**

Remuneration of Director of Corporate Services

Annual Remuneration	609 351	436 749
Car Allowance	120 000	97 966
Backpay	18 467	-
Contributions to UIF, Medical and Pension Funds	7 978	5 706
Cellphone allowance	3 750	-
Other allowances	18 907	-
	778 453	**540 421**

Remuneration of Director Land Use

Annual Remuneration	355 443	529 111
Backpay	-	1 250
Acting Allowance	-	194 210
Contributions to UIF, Medical and Pension Funds	4 447	6 606
Backpay	18 467	-
Leave paid	14 956	-
	393 313	**731 177**

26. Remuneration of councillors

Executive Major	658 985	484 164
Executive Committee Members	5 422 286	3 994 320
Speaker	527 201	387 348
Councillors	7 835 288	8 981 058
	14 443 760	**13 846 890**

In-kind benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.

27. Debt impairment

Debt impairment	1 289 212	(1 158 271)

28. Interest revenue

Interest revenue		
Bank	4 525 808	4 501 960
Interest charged on trade and other receivables	1 322 727	1 124 406
	5 848 535	**5 626 366**

Notes to the Annual Financial Statements

Figures in Rand	2014	2013

29. Depreciation and amortisation

Property, plant and equipment	10 939 750	10 591 570
Intangible assets	9 526	-
	10 949 276	**10 591 570**

30. Finance costs

Other interest paid	125 374	271 282

31. Auditors' remuneration

Fees	1 715 010	1 568 487

32. Rental of facilities and equipment

Premises		
Premises	54 384	49 440
Community hall	43 931	32 827
Other	174 751	158 856
	273 066	**241 123**

33. Repairs and maintenance

Repairs and maintenance consists of:

Buildings	257 622	1 979 958
Computer equipment	5 656	7 562
Furniture and office equipment	1 695	800
Network maintenance	2 800 288	3 283 058
Street and storm water drainage	787 150	1 477 669
Tools	419 949	331 109
Vehicles	1 777 184	1 819 199
	6 049 544	**8 899 355**

34. Contracted services

Information Technology Services	2 535 991	1 745 054
Operating Leases	753 705	602 656
Other Contractors	7 319 965	11 072 911
	10 609 661	**13 420 621**

35. Bulk purchases

Electricity	3 064 971	2 548 561
Water	152 199	-
	3 217 170	**2 548 561**

Notes to the Annual Financial Statements

Figures in Rand	2014	2013

36. Cash generated from operations

	2014	2013
Surplus	85 627 673	21 210 137
Adjustments for:		
Depreciation and amortisation	10 949 276	10 591 570
Loss on sale of assets and liabilities	(722 211)	-
Interest income	-	(4 501 960)
Finance costs	-	271 282
Debt impairment	1 289 212	(1 158 271)
Movements in retirement benefit assets and liabilities	1 365 491	-
Movements in provisions	2 217 307	1 646 247
Other non-cash items	-	900 159
Prior period error	640 218	(87 775 989)
Changes in working capital:		
Inventories	(4 218)	68 784 181
Receivables from exchange transactions	1 489 754	-
Consumer debtors	(5 695 550)	(3 533 985)
Other receivables from non-exchange transactions	3 016 431	(6 442 929)
Payables from exchange transactions	11 898 119	4 455 353
VAT	(5 386 082)	590 941
Unspent conditional grants and receipts	(21 513 212)	12 926 117
Consumer deposits	(7 400)	-
	85 164 808	**17 962 853**

37. Commitments

Authorised capital and general expenditure

Already contracted for but not provided for	2014	2013
• Property, plant and equipment	66 784 441	37 197 011
• General expenses	4 322 664	-
	71 107 105	**37 197 011**

Figures in Rand	2014	2013

38. Contingencies

Contingent liabilities:

Claims for damages

Gestetner: The municipality has since terminated the contract with Gestetner on 31st December 2009. Gestetner has involved their attorneys which are still communicating with the municipality.	-	65 000
Moemedi Beijang and others: The matter was struck out off the roll due to the applicant's non co-operation, a cost order was also issued against the applicants in terms of rule 37(9) of the Uniform rules of court, i.e. the applicants have to pay costs for not attending a pre-trial conference and because they failed to promote the effective disposal of the litigation.	-	750 000
MH Office Machine and stationery: issued summons against the municipality for having submitted numerous invoices for payment for alleged leases of printers and copiers, which the municipality has refused to pay. A bill of cost is being prepared for costs to be recovered.The matter still pending	190 985	-
Maxima Global Engineering: issued a summons against the municipality for an alleged breach of contract after developing 2000 RDP houses. The private arbitration proceedings have resumed and further hearings been conducted. The matter is still pending.	1 500 000	765 000
Glenaps Building CC: issued summons against the municipality for renovations which they claim to have been made at Taung Library during September 2005. An application for trial date has been made and the municipality is awaiting a response to have the matter dismissed from the court roll.	-	180 000
Tau pele Construction: issued summons against the municipality in respect of rehabilitation of flood damaged gravel roads. The matter had been allocated a trial date for 5th of June 2014, however new attorneys were appointed for the plaintiff on 28 May 2014, this being the case the matter had to be removed from the roll to afford the newly appointed attorneys an opportunity to consult with their client.	-	150 000
Cedar Point Joint Venture: issued summons against the municipality relying on an alleged repudiation of contract by the muncipality. The municipality is taking a "locus standi" of the joint venture to institute legal proceedings on the ground that the joint venture is an unincorporated joint venture and was established purely for the purpose of submission of the tender.	500 000	-
	2 190 985	**1 910 000**

Contingent assets

The Manokwane Disaster Project was subsequently identified to be irregular expenditure. In accordance with MFMA section 167, this irregular expenditure must be recovered and therefore has been handed over for investigation to EY. The investigation consists of confirming whether irregularities incurred during the spending on the Manokwane Disaster project. The investigation is still on going. Expenditure which may be recoverable amounts to R3,273,102

The municipality purchased building material for Maxima Globala engineering and was placed in both Maxima engineering and Buya nempumelelo's possesion. Neither Maxima nor Buya nempumelelo perfomed their duties and the material remained in their possesion. A dispute arose between Maxima and Buya nempumelelo which resulted in the material being moved unlawfully. The municipality attempted to regain possesion of the material and were unsuccessful. Isang Nakale INC were appointed to recover from both companies an amount of R1,963,811.22

39. Related parties

Compensation of key management personnel

The compensation of key management personnel is set out in note 25 to the Annual Financial Statements.

40. Prior period errors

The government grant reserve to the value of R29,035,262 was erroneously allocated to non-current unspent conditional grants and receipts in the 2013 annual financial statements instead of accumulated surpluses government grant reserves. As the reserve does not meet the definition of a liability in accordance with GRAP, the amount was re-allocated to equity

Provision for doubtful debt was revised to be estimated in accordance with GRAP, the net effect is that the provision increased by R 487,976.

Intangible asset belonging to the municipality where not disclosed in the financial statement of the municipality in the prior years. The cost of the intangible asset amounted to R280 335 Opening accumulated amortisation for 2013 amounted to R17638 and the amortisation for the year amounted to R8409.

The value of the investment property was understated in the prior year by R19 469 000. The value was corrected in the year during the current year to bring it in line with the correct value.

The value of the property plant and equipment was overstated in the prior years. Items were included in the asset register as asset for which they were not asset. These asset have been removed from the asset register resulting in an adjustment of R286 956 920 and depreciation for the prior year was also adjusted by R40 295 920.

The retention amount disclosed in the 2012/2013 financial year was incorrectly calculated and disclosed. The amount is reversed in the current financial year and a new restated amount journalised.

The correction of the error(s) results in adjustments as follows:

	2014	2013
Statement of financial position		
Non-current unspent conditional grants and receipts	-	29 035 262
Investment property	-	19 469 000
Intangible asset	-	254 288
Receivables from exchange transactions	-	(487 976)
Property Plant and Equipment	-	(286 956 920)
Trade and other payable	-	2 869 132
Accumulated surplus	-	(235 817 214)
Statement of Financial Performance		
Depreciation expense	-	(40 792 305)
Amortisation	-	8 409
Provision for doubtful debt contribution	-	487 976
Surplus/(deficit) for the year	-	40 295 920

41. Risk management

Liquidity risk

The municipality’s risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base.

Market risk

Figures in Rand	2014	2013

41. Risk management (continued)

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

42. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

43. Events after the reporting date

The municipality is not aware of any events after the reporting date.

44. Unauthorised expenditure

Overspending of budget (exceeded tender amount)	1 351 041	3 653 581
Approved by council or condoned	-	(3 653 581)
	1 351 041	**-**

45. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure	907 156	-

46. Irregular expenditure

Opening balance	39 458 929	34 447 253
Add: Irregular Expenditure - current year	2 990 990	5 011 676
	42 449 919	**39 458 929**

46. Irregular expenditure (continued)

Details of irregular expenditure – current year

	Disciplinary steps taken/criminal proceedings	
Manokwane Accomodation for Councillors at Peermont Tusk Taung - 3 quotes not obtained	Irregular expenditure Under Investigation	38 042
Manokwane Accomodation for Councillors at Peermont Tusk Taung - 3 quotes not obtained	Irregular expenditure Under Investigation	4 620
Manokwane Accomodation for Councillors at Peermont Tusk Taung - 3 quotes not obtained	Irregular expenditure Under Investigation	1 545
Security - No Contract	Irregular expenditure Under Investigation	225 339
Paper City Tent Hire for Contribution To Taxi Victims Funeral - Supply Chain Management Process Not Followed	Irregular expenditure Under Investigation	38 737
Motivational Program with BBS Business Dev & Proj - Supply Chain Management Process Not Followed	Irregular expenditure Under Investigation	30 000
Tlhomelang Mavericks - Supply Chain Management Process Not Followed	Irregular expenditure Under Investigation	15 400
No contract	Irregular expenditure Under Investigation	213 243
Forensic investigation - No contract with Kingsley Bye	Irregular expenditure Under Investigation	37 262
No SLA agreement Phungo INC	Irregular expenditure Under Investigation	119 016
No Quotes Obtained for Erratum Advert Community Hall with INISWA - Supply Chain Management Process Not Followed	Irregular expenditure Under Investigation	986
No contract witn FBL TRading Enterprise	Irregular expenditure Under Investigation	213 243
Ward member payment- Payment claimed by ward 11 whereas they did not attend a meeting	Irregular expenditure Under Investigation	6 200
Retention Fees were not withheld for Houses Built for Coucillors and Kgosi with Amadwala Trading 700 CC	Irregular expenditure Under Investigation	132 997
SCM process not followed for the youth development- 3 quotes not obtained.	Irregular expenditure Under Investigation	48 520
SCM process not followed for sport tournament - no 7 days advertisement issued.	Irregular expenditure Under Investigation	123 120
SCM process not followed for the sport tournament- no 7 days advertisement issued.	Irregular expenditure Under Investigation	55 000
Councillors Houses at Manokwane	Irregular expenditure Under Investigation	1 159 030
Supply Chain Management Procedures not followed for Women in Local Government Conference at Protea Hotel	Irregular expenditure Under Investigation	42 660
No SLA Agreement for Legal representation with Tau Pele Construction	Irregular expenditure Under Investigation	19 288
Cedar Point Joint Venture - SLA Agreement	Irregular expenditure Under Investigation	146 971
Mofokeng and BG Bojosinyane - SLA Agreement	Irregular expenditure Under Investigation	308 252
SCM procedures not followed for the accommodation	Irregular expenditure Under Investigation	7 859
SCM procedures not followed for the accommodation.	Irregular expenditure Under Investigation	3 660
		2 990 990

Notes to the Annual Financial Statements

Figures in Rand	2014	2013

47. Additional disclosure in terms of Municipal Finance Management Act

Audit fees

Current year subscription / fee	1 715 010	1 568 487
Amount paid - current year	(1 715 010)	(1 568 487)
	-	-

PAYE and UIF

Current year subscription / fee	8 637 408	7 341 727
Amount paid - current year	(8 637 408)	(7 341 727)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	8 042 268	7 014 004
Amount paid - current year	(8 042 268)	(7 014 004)
	-	-

VAT

VAT receivable	4 625 477	760 605

All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2014:

30 June 2014	Outstanding less than 90 days	Outstanding more than 90 days	Total
Sethi J.D	268	-	268
Tshipo G.J	15	-	15
Galodikwe K.P	118	-	118
Edward G.S	279	-	279
Makgalemane E	118	-	118
	798	**-**	**798**

30 June 2013	Outstanding less than 90 days	Outstanding more than 90 days	Total
Sethi J.D	304	298	602
Tshipo G.J	78	-	78
Galodikwe K.P	85	-	85
Edward G.S	425	2 224	2 649
Kanyane M.S	3 627	3 139	6 766
Makgalemane E	99	-	99
	4 618	**5 661**	**10 279**

Notes to the Annual Financial Statements

48. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

Classification of deviations	**Number of transactions**	**Rand value of transactions**
Sole supplier	20	780 770
Impractical / impossible to follow procurement process	90	1 425 832
Emergency	5	69 403
	-	**2 276 005**

Greater Taung Local Municipality
Appendix E(1)

Yearly

	Current year 2014 Yrly Per. Act. Bal. Year to Date Rand	Current year 2014 Yrly Per. Adjusted budget Year to Date Rand	Variance Rand	Var		Explanation of Significan 10% versu
					Revenue	
2.1.1.110.300.000.271*	6 770 986	7 419 634	(648 648)	(8.7)	Property rates	
2.1.1.140*	6 702 019	7 098 466	(396 447)	(5.6)	Service charges	
2.1.3.335*	6 121 607	6 851 301	(729 694)	(10.7)	Investment revenue	Difficult to bugdet for accurately due t accounts
2.1.3.340*	120 187 678	115 253 000	4 934 678	4.3	Transfers recognised - operational	
2.1.3.400.100.000.000.000.00000.(	1 359 600	2 438 884	(1 079 284)	(44.3)	Other own revenue	
2.1.2.150*	-	-	-	-		
	141 141 890	139 061 285	2 080 605	1.5		
					Other income Expenses	
2.5.6.510.???.000*	(51 662 442)	(62 031 888)	10 369 446	(16.7)	Employee costs	
2.5.6.510.300.100*	(14 443 760)	(13 488 008)	(955 752)	7.1	Remuneration of councillors	
2.5.6.520.???.???.???.100*	(10 606 216)	(2 450 000)	(8 156 216)	332.9	Depreciation	Municipality had no indication of what
2.5.6.520.???.???.???.200*	-	-	-	-	Amortisation	
2.5.6.530*	(125 374)	-	(125 374)	-	Finance costs	
2.5.6.500.100.000.070*	(1 289 212)	(2 000 000)	710 788	(35.5)	Debt impairment	Change is due to reassesment at yea
2.5.6.500.100.000.580*	(6 049 542)	-	(6 049 542)	-	Repairs and maintenance - General	
2.5.6.500.100.000.900*	(3 217 170)	(3 250 000)	32 830	(1.0)	Bulk purchases	
2.5.6.500.100.000.910*	(10 609 554)	(13 624 587)	3 015 033	(22.1)	Contracted Services	Less consultants were used than bud
2.5*	(33 052 926)	(34 600 664)	1 547 738	(4.5)	General Expenses	
	(131 056 196)	(131 445 147)	388 951	(0.3)		
					Other revenue and costs	
2.9.0.800*	722 211	-	722 211	-	Gain or loss on disposal of assets and liabilities	
	722 211	-	722 211	-		
	10 807 905	7 616 138	3 191 767	41.9	Net surplus/ (deficit) for the year	

Greater Taung Local Municipality
Appendix G1
Budgeted Financial Performance (revenue and expenditure by standard classification)
for the year ended 30 June 2014

	2014/2013												2013/2012		
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue - Standard															
Governance and administration	**83 214 914**	**-**	**83 214 914**	**-**		**83 214 914**	**80 695 546**		**(2 519 368)**	**97 %**	**97 %**				**66 580 783**
Executive and council	38 387 251	-	38 387 251	-		38 387 251	36 442 824		(1 944 427)	95 %	95 %				35 102 822
Budget and treasury office	19 976 495	-	19 976 495	-		19 976 495	19 447 149		(529 346)	97 %	97 %				15 086 183
Corporate services	24 851 168	-	24 851 168	-		24 851 168	24 805 573		(45 595)	100 %	100 %				16 391 778
Community and public safety	**13 770 640**	**-**	**13 770 640**	**-**		**13 770 640**	**12 745 397**		**(1 025 243)**	**93 %**	**93 %**				**7 842 175**
Community and social services	6 499 750	-	6 499 750	-		6 499 750	5 599 507		(900 243)	86 %	86 %				-
Sport and recreation	7 270 890	-	7 270 890	-		7 270 890	7 145 890		(125 000)	98 %	98 %				7 842 175
Economic and environmental services	**80 001 235**	**2 878 000**	**82 879 235**	**-**		**82 879 235**	**93 506 394**		**10 627 159**	**113 %**	**117 %**				**35 929 782**
Planning and development	66 378 496	2 878 000	69 256 496	-		69 256 496	81 213 436		11 956 940	117 %	122 %				22 576 914
Road transport	13 622 739	-	13 622 739	-		13 622 739	12 292 958		(1 329 781)	90 %	90 %				13 352 868
Trading services	**32 203 319**	**-**	**32 203 319**	**-**		**32 203 319**	**29 918 628**		**(2 284 691)**	**93 %**	**93 %**				**18 624 135**
Electricity	9 257 201	-	9 257 201	-		9 257 201	8 081 209		(1 175 992)	87 %	87 %				-
Water	4 224 936	-	4 224 936	-		4 224 936	4 238 536		13 600	100 %	100 %				3 030 563
Waste water management	7 066 442	-	7 066 442	-		7 066 442	5 498 527		(1 567 915)	78 %	78 %				4 504 218
Waste management	11 654 740	-	11 654 740	-		11 654 740	12 100 356		445 616	104 %	104 %				11 089 354
Total Revenue - Standard	**209 190 108**	**2 878 000**	**212 068 108**	**-**		**212 068 108**	**216 865 965**		**4 797 857**	**102 %**	**104 %**				**128 976 875**

Greater Taung Local Municipality
Appendix G1
Budgeted Financial Performance (revenue and expenditure by standard classification)
for the year ended 30 June 2014

	2014/2013											2013/2012			
	Original Budget	**Budget Adjustments (i.t.o. s28 and s31 of the MFMA)**	**Final adjustments budget**	**Shifting of funds (i.t.o. s31 of the MFMA)**	**Virement (i.t.o. Council approved policy)**	**Final Budget**	**Actual Outcome**	**Unauthorised expenditure**	**Variance of Actual Outcome against Adjustments Budget**	**Actual Outcome as % of Final Budget**	**Actual Outcome as % of Original Budget**	**Reported unauthorised expenditure**	**Expenditure authorised in terms of section 32 of MFMA**	**Balance to be recovered**	**Restated Audited Outcome**
	Rand	**Rand**	**Rand**	**Rand**	**Rand**	**Rand**	**Rand**	**Rand**	**Rand**	**Rand**	**Rand**	**Rand**	**Rand**	**Rand**	**Rand**
Expenditure - Standard															
Governance and administration	**81 139 914**	**89 998**	**81 229 912**	**-**	**-**	**81 229 912**	**81 090 887**	**-**	**(139 025)**	**100 %**	**100 %**	**-**	**-**	**-**	**65 864 873**
Executive and council	37 792 251	264 999	38 057 250	-	-	38 057 250	43 086 644	-	5 029 394	113 %	114 %	-	-	-	64 791 568
Budget and treasury office	19 651 495	100 000	19 751 495	-	-	19 751 495	17 967 049	-	(1 784 446)	91 %	91 %	-	-	-	(21 392 028)
Corporate services	23 696 168	(275 001)	23 421 167	-	-	23 421 167	20 037 194	-	(3 383 973)	86 %	85 %	-	-	-	22 465 333
Community and public safety	**8 725 640**	**150 000**	**8 875 640**	**-**	**-**	**8 875 640**	**7 148 556**	**-**	**(1 727 084)**	**81 %**	**82 %**	**-**	**-**	**-**	**11 152 341**
Community and social services	3 904 750	-	3 904 750	-	-	3 904 750	3 249 771	-	(654 979)	83 %	83 %	-	-	-	6 102 547
Sport and recreation	4 820 890	150 000	4 970 890	-	-	4 970 890	3 898 785	-	(1 072 105)	78 %	81 %	-	-	-	5 049 794
Economic and environmental services	**19 242 697**	**10 000**	**19 252 697**	**-**	**-**	**19 252 697**	**15 215 878**	**-**	**(4 036 819)**	**79 %**	**79 %**	**-**	**-**	**-**	**17 013 537**
Planning and development	6 869 958	10 000	6 879 958	-	-	6 879 958	5 277 865	-	(1 602 093)	77 %	77 %	-	-	-	6 030 316
Road transport	12 372 739	-	12 372 739	-	-	12 372 739	9 938 013	-	(2 434 726)	80 %	80 %	-	-	-	10 983 221
Trading services	**27 378 319**	**1 466 400**	**28 844 719**	**-**	**-**	**28 844 719**	**25 168 216**	**-**	**(3 676 503)**	**87 %**	**92 %**	**-**	**-**	**-**	**17 673 775**
Electricity	8 257 201	1 000 000	9 257 201	-	-	9 257 201	8 674 648	-	(582 553)	94 %	105 %	-	-	-	-
Water	2 924 936	-	2 924 936	-	-	2 924 936	1 065 189	-	(1 859 747)	36 %	36 %	-	-	-	2 599 625
Waste water management	5 316 442	200 000	5 516 442	-	-	5 516 442	4 681 354	-	(835 088)	85 %	88 %	-	-	-	5 239 076
Waste management	10 879 740	266 400	11 146 140	-	-	11 146 140	10 747 025	-	(399 115)	96 %	99 %	-	-	-	9 835 074
Other	-	-	-	-	-	-	2 350 161	-	2 350 161	DIV/0 %	DIV/0 %	-	-	-	-
Total Expenditure - Standard	**136 486 570**	**1 716 398**	**138 202 968**	**-**	**-**	**138 202 968**	**130 973 698**	**-**	**(7 229 270)**	**95 %**	**96 %**	**-**	**-**	**-**	**111 704 526**
Surplus/(Deficit) for the year	**72 703 538**	**1 161 602**	**73 865 140**	**-**		**73 865 140**	**85 892 267**		**12 027 127**	**116 %**	**118 %**				**17 272 349**

Greater Taung Local Municipality
Appendix G2
Budgeted Financial Performance (revenue and expenditure by municipal vote)
for the year ended 30 June 2014

	2014/2013											2013/2012			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue by Vote															
Vote1 - Executive and council	38 387 251	-	38 387 251	-		38 387 251	36 442 824		(1 944 427)	95 %	95 %				-
Vote2 - Waste water management	18 721 182	-	18 721 182	-		18 721 182	17 598 883		(1 122 299)	94 %	94 %				-
Vote3 - Road Transport	13 622 739	-	13 622 739	-		13 622 739	12 292 958		(1 329 781)	90 %	90 %				-
Vote4 - Water	4 224 936	-	4 224 936	-		4 224 936	4 238 536		13 600	100 %	100 %				-
Vote5 - Electricity	9 257 201	-	9 257 201	-		9 257 201	8 081 209		(1 175 992)	87 %	87 %				-
Vote6 - Corporate services	44 827 663	-	44 827 663	-		44 827 663	44 252 723		(574 940)	99 %	99 %				-
Vote7 - Planning and development	66 378 496	2 878 000	69 256 496	-		69 256 496	81 213 436		11 956 940	117 %	122 %				-
Vote8 - Community & Social Services	6 499 750	-	6 499 750	-		6 499 750	5 599 507		(900 243)	86 %	86 %				-
Vote9 - Sport and Recreation	7 270 890	-	7 270 890	-		7 270 890	7 145 890		(125 000)	98 %	98 %				-
Total Revenue by Vote	**209 190 108**	**2 878 000**	**212 068 108**	**-**		**212 068 108**	**216 865 966**		**4 797 858**	**102 %**	**104 %**				**-**
Expenditure by Vote to be appropriated															
Vote1 - Executive and council	36 022 251	265 000	36 287 251	-	-	36 287 251	43 086 644	-	6 799 393	119 %	120 %	-	-	-	-
Vote2 - Waste water management	14 531 342	466 400	14 997 742	-	-	14 997 742	15 428 380	-	430 638	103 %	106 %	-	-	-	-
Vote3 - Road Transport	11 072 739	-	11 072 739	-	-	11 072 739	9 938 013	-	(1 134 726)	90 %	90 %	-	-	-	-
Vote4 - Water	2 924 936	-	2 924 936	-	-	2 924 936	1 065 189	-	(1 859 747)	36 %	36 %	-	-	-	-
Vote5 - Electricity	7 700 201	1 000 000	8 700 201	-	-	8 700 201	8 674 648	-	(25 553)	100 %	113 %	-	-	-	-
Vote6 - Corporate services	42 719 680	(175 000)	42 544 680	-	-	42 544 680	38 004 243	-	(4 540 437)	89 %	89 %	-	-	-	-
Vote7 - Planning and development	6 469 958	10 000	6 479 958	-	-	6 479 958	5 277 865	-	(1 202 093)	81 %	82 %	-	-	-	-
Vote8 - Community & Social Services	3 566 750	-	3 566 750	-	-	3 566 750	3 249 771	-	(316 979)	91 %	91 %	-	-	-	-
Vote9 - Sport and Recreation	4 720 890	150 000	4 870 890	-	-	4 870 890	3 898 785	-	(972 105)	80 %	83 %	-	-	-	-
Total Expenditure by Vote	**129 728 747**	**1 716 400**	**131 445 147**	**-**	**-**	**131 445 147**	**130 973 699**	**-**	**(471 448)**	**100 %**	**101 %**	**-**	**-**	**-**	**-**
Surplus/(Deficit) for the year	**79 461 361**	**1 161 600**	**80 622 961**	**-**		**80 622 961**	**85 892 267**		**5 269 306**	**107 %**	**108 %**				**-**

Greater Taung Local Municipality
Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2014

	2014/2013											2013/2012			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue By Source															
Property rates	6 632 134	-	6 632 134	-		6 632 134	5 743 937		(888 197)	87 %	87 %				5 342 377
Property rates - penalties & collection charges	787 500	-	787 500	-		787 500	1 027 049		239 549	130 %	130 %				878 876
Service charges - electricity revenue	2 998 000	-	2 998 000	-		2 998 000	2 371 524		(626 476)	79 %	79 %				2 066 520
Service charges - water revenue	1 946 836	-	1 946 836	-		1 946 836	1 945 308		(1 528)	100 %	100 %				1 825 133
Service charges - refuse revenue	2 153 630	-	2 153 630	-		2 153 630	2 385 186		231 556	111 %	111 %				2 163 897
Rental of facilities and equipment	461 301	-	461 301	-		461 301	273 066		(188 235)	59 %	59 %				241 123
Interest earned - external investments	5 250 000	-	5 250 000	-		5 250 000	4 525 808		(724 192)	86 %	86 %				4 501 960
Interest earned - outstanding debtors	1 140 000	-	1 140 000	-		1 140 000	1 322 727		182 727	116 %	116 %				1 124 406
Transfers recognised - operational	177 674 000	2 878 000	180 552 000	-		180 552 000	195 911 751		15 359 751	109 %	110 %				100 537 000
Other revenue	1 388 884	-	1 388 884	-		1 388 884	2 030 101		641 217	146 %	146 %				1 657 483
Gains on disposal of PPE	-	-	-	-		-	722 211		722 211	DIV/0 %	DIV/0 %				-
Total Revenue (excluding capital transfers and contributions)	**200 432 285**	**2 878 000**	**203 310 285**	**-**		**203 310 285**	**218 258 668**		**14 948 383**	**107 %**	**109 %**				**120 338 775**

Greater Taung Local Municipality
Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2014

	2014/2013														2013/2012
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure By Type															
Employee related costs	62 321 888	(290 000)	62 031 888	-	-	62 031 888	51 662 441	-	(10 369 447)	83 %	83 %	-	-	-	44 759 000
Remuneration of councillors	12 688 008	800 000	13 488 008	-	-	13 488 008	14 443 760	-	955 752	107 %	114 %	-	-	-	13 846 890
Debt impairment	2 000 000	-	2 000 000		-	2 000 000	1 289 212	-	(710 788)	64 %	64 %	-	-	-	(1 158 271)
Depreciation & asset impairment	2 450 000	-	2 450 000		-	2 450 000	10 949 276	-	8 499 276	447 %	447 %	-	-	-	10 591 570
Bulk purchases	2 750 000	500 000	3 250 000	-	-	3 250 000	3 217 170	-	(32 830)	99 %	117 %	-	-	-	2 548 561
Contracted services	13 444 587	180 000	13 624 587	-	-	13 624 587	10 609 660	-	(3 014 927)	78 %	79 %	-	-	-	13 420 621
Other expenditure	34 074 264	526 399	34 600 663	-	-	34 600 663	39 663 597	-	5 062 934	115 %	116 %	-	-	-	36 590 599
Total Expenditure	**129 728 747**	**1 716 399**	**131 445 146**	**-**	**-**	**131 445 146**	**131 960 490**	**-**	**515 344**	**100 %**	**102 %**	**-**	**-**	**-**	**120 870 252**
Surplus/(Deficit)	**70 703 538**	**1 161 601**	**71 865 139**	**-**		**71 865 139**	**86 298 178**		**14 433 039**	**120 %**	**122 %**				**(531 477)**
Transfers recognised - capital	63 371 000	2 878 000	66 249 000	-		66 249 000	80 863 252		14 614 252	122 %	128 %				21 741 614
Surplus/(Deficit) after capital transfers & contributions	**134 074 538**	**4 039 601**	**138 114 139**	**-**		**138 114 139**	**167 161 430**		**29 047 291**	**121 %**	**125 %**				**21 210 137**
Surplus/(Deficit) after taxation	**134 074 538**	**4 039 601**	**138 114 139**	**-**		**138 114 139**	**167 161 430**		**29 047 291**	**121 %**	**125 %**				**21 210 137**
Surplus/(Deficit) attributable to municipality	**134 074 538**	**4 039 601**	**138 114 139**	**-**		**138 114 139**	**167 161 430**		**29 047 291**	**121 %**	**125 %**				**21 210 137**
Surplus/(Deficit) for the year	**134 074 538**	**4 039 601**	**138 114 139**	**-**		**138 114 139**	**167 161 430**		**29 047 291**	**121 %**	**125 %**				**21 210 137**

Greater Taung Local Municipality
Appendix G4
Budgeted Capital Expenditure by vote, standard classification and funding
for the year ended 30 June 2014

	2014/2013											2013/2012			
	Original Budget Rand	Budget Adjustments (i.t.o. s28 and s31 of the MFMA) Rand	Final adjustments budget Rand	Shifting of funds (i.t.o. s31 of the MFMA) Rand	Virement (i.t.o. Council approved policy) Rand	Final Budget Rand	Actual Outcome Rand	Unauthorised expenditure Rand	Variance of Actual Outcome against Adjustments Budget Rand	Actual Outcome as % of Final Budget Rand	Actual Outcome as % of Original Budget Rand	Reported unauthorised expenditure Rand	Expenditure authorised in terms of section 32 of MFMA Rand	Balance to be recovered Rand	Restated Audited Outcome Rand
Capital multi-year expenditure sub-total	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Capital single-year expenditure sub-total	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Capital Expenditure - Vote	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-

Greater Taung Local Municipality
Appendix G4
Budgeted Capital Expenditure by vote, standard classification and funding
for the year ended 30 June 2014

	2014/2013											2013/2012			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital Expenditure - Standard															
Governance and administration	**2 075 000**	**(100 000)**	**1 975 000**	**-**	**-**	**1 975 000**	**-**	**-**	**(1 975 000)**	**- %**	**- %**	**-**	**-**	**-**	**-**
Executive and council	595 000	-	595 000	-	-	595 000	-	-	(595 000)	- %	- %	-	-	-	-
Budget and treasury office	325 000	(100 000)	225 000	-	-	225 000	-	-	(225 000)	- %	- %	-	-	-	-
Corporate services	1 155 000	-	1 155 000	-	-	1 155 000	-	-	(1 155 000)	- %	- %	-	-	-	-
Community and public safety	**5 045 000**	**(1 416 000)**	**3 629 000**	**-**	**-**	**3 629 000**	**-**	**-**	**(3 629 000)**	**- %**	**- %**	**-**	**-**	**-**	**-**
Community and social services	2 595 000	(1 000 000)	1 595 000	-	-	1 595 000	-	-	(1 595 000)	- %	- %	-	-	-	-
Sport and recreation	2 450 000	(416 000)	2 034 000	-	-	2 034 000	-	-	(2 034 000)	- %	- %	-	-	-	-
Economic and environmental services	**60 758 538**	**2 878 000**	**63 636 538**	**-**	**-**	**63 636 538**	**-**	**-**	**(63 636 538)**	**- %**	**- %**	**-**	**-**	**-**	**-**
Planning and development	59 508 538	2 878 000	62 386 538	-	-	62 386 538	-	-	(62 386 538)	- %	- %	-	-	-	-
Road transport	1 250 000	-	1 250 000	-	-	1 250 000	-	-	(1 250 000)	- %	- %	-	-	-	-
Trading services	**4 825 000**	**-**	**4 825 000**	**-**	**-**	**4 825 000**	**-**	**-**	**(4 825 000)**	**- %**	**- %**	**-**	**-**	**-**	**-**
Electricity	1 000 000	-	1 000 000	-	-	1 000 000	-	-	(1 000 000)	- %	- %	-	-	-	-
Water	1 300 000	-	1 300 000	-	-	1 300 000	-	-	(1 300 000)	- %	- %	-	-	-	-
Waste water management	1 750 000	-	1 750 000	-	-	1 750 000	-	-	(1 750 000)	- %	- %	-	-	-	-
Waste management	775 000	-	775 000	-	-	775 000	-	-	(775 000)	- %	- %	-	-	-	-
Total Capital Expenditure - Standard	**72 703 538**	**1 362 000**	**74 065 538**	**-**	**-**	**74 065 538**	**-**	**-**	**(74 065 538)**	**- %**	**- %**	**-**	**-**	**-**	**-**
Funded by:															
National Government	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Provincial Government	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
District Municipality	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Other transfers and grants	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Transfers recognised - capital	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**
Public contributions & donations	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Borrowing	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Internally generated funds	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Total Capital Funding	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**

Greater Taung Local Municipality
Appendix G5
Budgeted Cash Flows
for the year ended 30 June 2014

	2014/2013								2013
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Cash flow from operating activities									
Receipts									
Ratepayers and other	211 190 108	401 010 108	612 200 216	612 200 216	421 419 006	(190 781 210)	69 %	200 %	281 093 134
Government - operating	-	114 303 000	114 303 000	114 303 000	114 378 000	75 000	100 %	DIV/0 %	100 537 000
Government - capital	-	66 249 000	66 249 000	66 249 000	80 863 252	14 614 252	122 %	DIV/0 %	21 741 614
Interest	-	6 390 000	6 390 000	6 390 000	5 848 535	(541 465)	92 %	DIV/0 %	5 626 366
Dividends	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Payments									
Suppliers and employees	140 936 570	142 652 970	283 589 540	283 589 540	133 142 193	(150 447 347)	47 %	94 %	88 313 228
Finance charges	-	-	-	-	125 374	125 374	DIV/0 %	DIV/0 %	271 282
Transfers and Grants	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Net cash flow from/used operating activities	**352 126 678**	**730 605 078**	**1 082 731 756**	**1 082 731 756**	**755 776 360**	**(326 955 396)**	**70 %**	**215 %**	**497 582 624**
Cash flow from investing activities									
Receipts									
Proceeds on disposal of PPE	-	-	-	-	722 211	722 211	DIV/0 %	DIV/0 %	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	DIV/0 %	DIV/0 %	(106 140 494)
Payments									
Capital assets	72 703 538	73 865 137	146 568 675	146 568 675	88 602 997	(57 965 678)	60 %	122 %	(1 016 202 816)
Net cash flow from/used investing activities	**72 703 538**	**73 865 137**	**146 568 675**	**146 568 675**	**89 325 208**	**(57 243 467)**	**61 %**	**123 %**	**(1 122 343 310)**
Cash flow from financing activities									
Receipts									
Short term loans	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Borrowing long term/refinancing	-	-	-	-	1 536 220	1 536 220	DIV/0 %	DIV/0 %	(387 137)
Increase (decrease) in consumer deposits	-	-	-	-	(7 400)	(7 400)	DIV/0 %	DIV/0 %	6 620
Payments									
Repayment of borrowing	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Net cash flow from/used financing activities	**-**	**-**	**-**	**-**	**1 528 820**	**1 528 820**	**DIV/0 %**	**DIV/0 %**	**(380 517)**
Net increase/(decrease) in cash held	**424 830 216**	**804 470 215**	**1 229 300 431**	**1 229 300 431**	**846 630 388**	**(382 670 043)**	**69 %**	**199 %**	**(625 141 203)**
Cash/cash equivalents at the year begin:					70 696 475				151 694 324
Cash/cash equivalents at the year end:	**424 830 216**	**804 470 215**	**1 229 300 431**	**1 229 300 431**	**917 326 863**	**(382 670 043)**	**75 %**	**216 %**	